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合 生 創 展 集 團 有 限 公 司\*  
**HOPSON DEVELOPMENT HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 754)**

*Website: <http://www.irasia.com/listco/hk/hopson>*

**DISCLOSEABLE TRANSACTION IN RELATION TO  
FRAMEWORK AGREEMENT**

**FRAMEWORK AGREEMENT**

On 26 July 2017, Huizhou Yonghua and Hopson Dijing, a wholly-owned subsidiary of the Company, entered into the Framework Agreement pursuant to which Hopson Dijing agreed to co-operate with Huizhou Yonghua, a Huizhou Court-approved participant and the initial investor in the Consolidated Reorganisation of the Distressed Companies, to facilitate the implementation of the Restructuring Plan as a co-investor. Pursuant to the Framework Agreement, Hopson Dijing agreed to make the acquisition of the Distressed Assets for and on behalf of Huizhou Yonghua and finance the said acquisition by providing the Loan to Huizhou Yonghua and, subject to the conclusion of definitive agreement(s), acquire the Sale Shares (being equity interest in one of the Distressed Companies) pursuant to the Restructuring Plan.

On 21 August 2017, in furtherance of the Framework Agreement, Hopson Dijing as the purchaser entered into the Transfer Agreement in respect of the Acquisition with China Cinda as the vendor. Pursuant to the Transfer Agreement, Hopson Dijing agreed to acquire the Distressed Assets at a consideration of RMB1,364 million (equivalent to approximately HK\$1,637 million) in accordance with the terms thereof. In connection with the Acquisition, on 21 August 2017, the Company as the guarantor entered into the Guarantee to guarantee the performance of Hopson Dijing's obligations under the Transfer Agreement in favour of China Cinda.

**LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios in respect of the Framework Agreement is more than 5% but less than 25%, the transactions contemplated thereunder constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under the Listing Rules.

Due to an inadvertent oversight, the Company did not announce the Framework Agreement in a timely manner in accordance with the Listing Rules. The Board will adopt measures to strengthen the relevant internal control procedures to prevent occurrence of similar incidents in the future.

## **INTRODUCTION**

On 26 July 2017, Huizhou Yonghua and Hopson Dijing, a wholly-owned subsidiary of the Company, entered into the Framework Agreement pursuant to which Hopson Dijing agreed to co-operate with Huizhou Yonghua, a Huizhou Court-approved participant and the initial investor in the Consolidated Reorganisation of the Distressed Companies, to facilitate the implementation of the Restructuring Plan as a co-investor. Pursuant to the Framework Agreement, Hopson Dijing agreed to make the acquisition of the Distressed Assets for and on behalf of Huizhou Yonghua and finance the said acquisition by providing the Loan to Huizhou Yonghua and, subject to the conclusion of definitive agreement(s), acquire the Sale Shares (being equity interest in one of the Distressed Companies) pursuant to the Restructuring Plan.

On 18 August 2017, in furtherance of the Framework Agreement, Hopson Dijing participated in an auction held for the sale of the Distressed Assets and won the bid for a total consideration of RMB1,364 million (equivalent to approximately HK\$1,637 million). On 21 August 2017, Hopson Dijing as the purchaser entered into the Transfer Agreement in respect of the Acquisition with China Cinda as the vendor. Pursuant to the Transfer Agreement, Hopson Dijing agreed to acquire the Distressed Assets at a consideration of RMB1,364 million (equivalent to approximately HK\$1,637 million) in accordance with the terms thereof. In connection with the Acquisition, on 21 August 2017, the Company as the guarantor entered into the Guarantee to guarantee the performance of Hopson Dijing's obligations under the Transfer Agreement in favour of China Cinda.

The principal terms of the Framework Agreement are set out below.

## **THE FRAMEWORK AGREEMENT**

### **Date**

26 July 2017

### **Parties**

Huizhou City Yonghua Holdings Limited\* (惠州市永華實業有限公司)

Guangdong Hopson Dijing Real Estate Co. Ltd.

## Subject matter

Pursuant to the Framework Agreement, Hopson Dijing agreed to co-operate with Huizhou Yonghua, a Huizhou Court-approved participant and the initial investor in the Consolidated Reorganisation of the Distressed Companies, to facilitate the implementation of the Restructuring Plan as a co-investor. Under the Framework Agreement:

- (i) Hopson Dijing shall acquire the Distressed Assets for and on behalf of Huizhou Yonghua;
- (ii) Hopson Dijing shall finance the acquisition of the Distressed Assets by Huizhou Yonghua by providing a loan of RMB1,188 million (equivalent to approximately HK\$1,426 million) (i.e. the Loan) to Huizhou Yonghua for a term of two years;
- (iii) Hopson Dijing shall, subject to the conclusion of definitive agreement(s), acquire the Sale Shares (being equity interest in Huizhou Xinghua, one of the Distressed Companies) for RMB800 million (equivalent to HK\$960 million) pursuant to the Restructuring Plan;
- (iv) Hopson Dijing shall provide financial consultancy services to Huizhou Yonghua for acquiring the Distressed Assets;
- (v) Hopson Dijing shall provide management services and brand licenses to Xunliao Wan Project\* (巽寮灣項目) and Xingfu Mofang Project\* (幸福魔方項目), which are property development projects owned by the Distressed Companies, at an agreed rate (being 3% of the sale proceeds of the said projects);
- (vi) Huizhou Yonghua shall pay to Hopson Dijing RMB1,530,144,000 (equivalent to HK\$1,836,172,800), representing the principal and interest of the Loan (referred to in paragraph (ii) above) and fees for the financial consultancy services (referred to in paragraph (iv) above) provided by Hopson Dijing, within two years from advance of the Loan, out of proceeds from the sale of Xunliao Wan Project and Xingfu Mofang Project; and
- (vii) Huizhou Yonghua's payment obligation shall be secured by pledges over 100% equity interest in Huizhou Yonghua, 10% equity interest in Huizhou Xinghua, Xunliao Wan Project and Xingfu Mofang Project (after the existing encumbrances have been released).

### *Distressed Assets*

The Distressed Assets to be acquired by Hopson Dijing for and on behalf of Huizhou Yonghua comprise rights to collect nine non-performing loans in the aggregate amount of approximately RMB1,910,668,145 (equivalent to approximately HK\$2,292,801,774) (comprising outstanding principal, interest and default penalty owed and/or guaranteed by, among others, the Distressed Companies) together with the rights and security interests in pledges over the Collaterals. The accrued interests and default penalty of the non-performing loans amounted to approximately RMB261 million (equivalent to approximately HK\$313 million) as at 4 August 2017.

The Collaterals include certain land use rights, residential and commercial properties and properties under development in various locations in Huizhou City and other parts of Huidong County in Guangdong Province, and certain equity interests in various companies in the PRC.

## **Assets to be acquired**

### *Sale Shares*

Subject to the conclusion of definitive agreement(s), Hopson Dijing shall acquire the Sale Shares for RMB800 million (equivalent to HK\$960 million) pursuant to the Restructuring Plan. The Sale Shares constitutes 90% equity interest in Huizhou Xinghua, which in turn represents 90% interest in the property development project owned by Huizhou Xinghua, namely Xiangshan Villa Project\* (香山美墅項目).

The consideration for the Sale Shares was determined after arm's length negotiation between Hopson Dijing and Huizhou Yonghua, taking into account the value of properties developed and under development and the future income generated from the sale of properties under Xiangshan Villa Project, as well as the capital requirements of the Restructuring Plan to discharge existing encumbrances.

Upon completion of the acquisition of the Sale Shares, Huizhou Xinghua will become a non-wholly owned subsidiary of the Company. Huizhou Xinghua will be owned as to 90% by Hopson Dijing and 10% by Huizhou Yonghua.

## **Proposed Supplemental Agreement**

As the Loan fell short of the consideration for the Distressed Assets by RMB176 million (equivalent to approximately HK\$211 million), Huizhou Yonghua and Hopson Dijing intend to enter into the Supplemental Agreement pursuant to which, among other things, Huizhou Yonghua will acknowledge that Hopson Dijing made the Acquisition for and on its behalf, and the parties will agree to bear the difference between the Loan and the consideration for the Distressed Assets as to RMB70 million (equivalent to HK\$84 million) and RMB106 million (equivalent to approximately HK\$127 million) by Huizhou Yonghua and Hopson Dijing respectively. The Supplemental Agreement will also provide that the said RMB70 million (equivalent to HK\$84 million) to be borne by Huizhou Yonghua shall be financed by Hopson Dijing on the same terms of the Loan, including the interest rate, manner and time of repayment.

The Company will make further announcement(s) when the Supplemental Agreement is executed or if any other material variation of the terms of the Framework Agreement is made, as and when appropriate.

## **Commitment under the Framework Agreement**

The aggregate commitment of Hopson Dijing for the transactions contemplated under the Framework Agreement (as amended by the Supplemental Agreement when executed) will be approximately RMB2,264 million (equivalent to approximately HK\$2,717 million) payable in cash, comprising (i) a security deposit of RMB100 million (equivalent to HK\$120 million) payable to an account specified by the Huizhou Court or the administrator of bankruptcy reorganisation; (ii) RMB1,364 million (equivalent to approximately HK\$1,637 million) being the consideration for the Distressed Assets acquired for and on behalf of Huizhou Yonghua; and (iii) RMB800 million (equivalent to HK\$960 million) for the Sale Shares. Upon payment of the security deposit (item (i) above) and the consideration for the Distressed Assets (item (ii) above) by Hopson Dijing, pursuant to the Framework Agreement, Hopson Dijing will be entitled to receive (i) RMB1,530,144,000 (equivalent to HK\$1,836,172,800) as consideration for the provision of the Loan and financial consultancy services to Huizhou Yonghua; and (ii) income for provision of management services and brand licenses to Xunliao Wan Project and Xingfu Mofang Project.

The Company intends to finance the commitment for the transactions contemplated under the Framework Agreement (as amended by the Supplemental Agreement when executed) with internal resources and external borrowings.

## **THE TRANSFER AGREEMENT**

Pursuant to the Transfer Agreement, the aggregate consideration payable by Hopson Dijing for the Acquisition is RMB1,364 million (equivalent to approximately HK\$1,637 million).

The consideration for the Acquisition shall be paid in the following manner:

- (i) 30% of the consideration, being approximately RMB409 million (equivalent to approximately HK\$491 million) shall be paid to China Cinda within three working days from the date of the auction held for the sale of the Distressed Assets;
- (ii) 20% of the consideration, being approximately RMB273 million (equivalent to approximately HK\$327 million) shall be paid to China Cinda before 31 October 2017; and
- (iii) the remaining balance of the consideration, being RMB682 million (equivalent to approximately HK\$818 million) shall be paid to China Cinda before 15 December 2017.

As at the date of this announcement, Hopson Dijing had paid the first instalment of RMB409 million (equivalent to approximately HK\$491 million) in accordance with the Transfer Agreement.

The consideration for the Acquisition represented the highest bidding price offered at the auction held for the sale of the Distressed Assets and was determined by Hopson Dijing and Huizhou Yonghua after taking into account the market value of the Collaterals, the amount expected to be recovered from the guarantors to the nine non-performing loans, the legal procedures involved under the Restructuring Plan and the enforcement of pledges over the Collaterals.

Pursuant to the Transfer Agreement, the Distressed Assets shall be transferred from China Cinda to Hopson Dijing upon payment of the consideration for the Acquisition in full by Hopson Dijing and completion the Transfer Agreement shall take place on the twentieth business day from payment in full of the said consideration by Hopson Dijing.

### **Guarantee provided by the Company**

In connection with the Acquisition, on 21 August 2017, the Company as the guarantor entered into the Guarantee to guarantee the performance of Hopson Dijing's obligations under the Transfer Agreement in favour of China Cinda.

### **INFORMATION ON HUIZHOU YONGHUA AND CHINA CINDA**

Huizhou Yonghua is principally engaged in property development in Huizhou City in Guangdong Province. Huizhou Yonghua is the initial investor under the Restructuring Plan.

China Cinda and its subsidiaries are principally engaged in distressed asset management and the provision of customised financial solutions and differentiated asset management services to clients through diversified business platforms.

As at the dates of the Framework Agreement, the Transfer Agreement, the Guarantee and this announcement respectively, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of Huizhou Yonghua, China Cinda and their respective ultimate beneficial owners is a third party independent of the Company and its connected persons.

### **INFORMATION ON HUIZHOU XINGHUA**

Huizhou Xinghua is principally engaged in property development in Huizhou City in Guangdong Province. As at the date of this announcement and prior to the implementation of the Restructuring Plan, Huizhou Xinghua is held as to 70% by Huizhou City Chuangcheng Development Limited\* (惠州市創成發展有限公司), one of the Distressed Companies, and 30% by Huizhou City Yuanli New Trading Limited\* (惠州市源力新貿易有限公司).

## Financial information of Huizhou Xinghua

Set out below is the financial information of Huizhou Xinghua as extracted from its audited financial statements prepared for the Consolidated Reorganisation for the periods/date indicated:

	<b>For the eleven months ended 30 November 2015 (audited) RMB</b>	<b>For the thirteen months ended 31 December 2016 RMB</b>
Net profit before tax	23,072,750	N/A
Net profit after tax	22,068,714	N/A

*Note:* Huizhou Xinghua has suspended operations since 4 December 2015, being the date on which the Huizhou Court accepted the application for bankruptcy reorganisation of the Distressed Companies. From the date of acceptance of the said application to the date of this announcement, Huizhou Xinghua did not record any revenue or profit.

	<b>As at 30 April 2016 (audited) RMB</b>
Net asset value	(50,081,007)

*Note:* As mentioned above, Huizhou Xinghua has suspended operations since 4 December 2015. The net asset value as at 30 April 2016 is extracted from the special audited financial statements prepared at the instructions of the administrator of bankruptcy reorganisation of the Distressed Companies to reflect the financial position of Huizhou Xinghua after the commencement of the Consolidated Reorganisation.

## INFORMATION ON THE GROUP

The Group is principally engaged in the development of residential properties in the PRC. The Group is also involved in property investment, hotel operations and property management.

## REASONS FOR AND BENEFIT OF THE FRAMEWORK AGREEMENT

As at the date of this announcement, the Group has seven projects in Huizhou City, Guangdong Province. As mentioned above, the Distressed Companies are the debtors and/or guarantors in respect of the Distressed Assets which are secured by pledges over the Collaterals, which, in turn, mainly comprise land use rights, residential and commercial properties and properties under development in various locations in Huizhou City and other parts of Huidong County in Guangdong Province. Subject to completion of the Transfer Agreement and implementation of the Restructuring Plan, Huizhou Yonghua and Hopson Dijing will gain control over the Distressed Companies and the Collaterals. Pursuant to the Framework Agreement, Hopson Dijing will manage Xunliao Wan Project and Xingfu

Mofang Project and, subject to the conclusion of definitive agreement(s), acquire 90% interest in Xiangshan Villa Project through the acquisition of the Sale Shares. The Board believes that the Framework Agreement presents a unique opportunity for the Group to expand its presence and diversify its property portfolio in and around Huizhou City, Guangdong Province, while generating income from the provision of management services and brand licenses to Xunliao Wan Project and Xingfu Mofang Project and participating in the Restructuring Plan as a co-investor.

The Board believes that the terms of the Framework Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios in respect of the Framework Agreement is more than 5% but less than 25%, the transactions contemplated thereunder constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under the Listing Rules.

## **INADVERTENT OVERSIGHT**

Due to an inadvertent oversight, the Company did not announce the Framework Agreement in a timely manner in accordance with the Listing Rules. The Board will adopt the following measures to strengthen the relevant internal control procedures to prevent occurrence of similar incidents in the future:

- (i) the Company will arrange for regular special and in-depth training sessions for the Directors and senior management of the Group to remind them, in particular the transaction team personnel in the PRC, to report transactions which may constitute notifiable or connected transactions under the Listing Rules to the Group's compliance personnel and seek professional advice if necessary to ensure that they understand the requirements under the Listing Rules and the relevant rules and regulations; and
- (ii) the Company will review, strengthen and continue to monitor the relevant internal control measures of the Group, including but not limited to contract signing procedures, to ensure that current and future transactions will be conducted in compliance with the applicable requirements under the Listing Rules and the relevant rules and regulations.

## **DEFINITIONS**

In this announcement, capitalised terms have the following meanings unless the context requires otherwise:

- |               |  |
|---------------|--|
| “Acquisition” | the acquisition of the Distressed Assets by Hopson Dijing (for and on behalf of Huizhou Yonghua) from China Cinda pursuant to the Transfer Agreement |
| “Board”       | the board of Directors   |



“China Cinda”	China Cinda Asset Management Co., Ltd., Guangdong Province Branch Company (中國信達資產管理股份有限公司廣東省分公司), a company established in the PRC with limited liability and an independent third party of the Company
“Collaterals”	certain land use rights, residential and commercial properties and properties under development in various locations in Huizhou City and other parts of Huidong County in Guangdong Province, and certain equity interests in various companies in the PRC
“Company”	Hopson Development Holdings Limited, a company incorporated in Bermuda with limited liability and whose Shares are listed on the main board of the Stock Exchange
“Consolidated Reorganisation”	the bankruptcy reorganisation of the Distressed Companies through the restructuring of their indebtedness, assets and ownership pursuant to the orders of the Huizhou Court made on 27 February 2017
“Distressed Assets”	the rights to collect nine non-performing loans in the aggregate amount of approximately RMB1,910,668,145 (equivalent to approximately HK\$2,292,801,774) (comprising outstanding principal, interest and default penalty owed and/or guaranteed by, among others, the Distressed Companies) together with the rights and security interests in pledges over the Collaterals
“Distressed Companies”	Huizhou City Chuangcheng Development Limited* (惠州市創成發展有限公司), Huizhou City Bailitong Real Estate Co. Ltd.* (惠州市百利通房產有限公司), Huizhou City Andun Security Technology Limited* (惠州市安盾技防科技有限公司) and Huizhou Xinghua, in respect of which an administrator of bankruptcy reorganisation was appointed by the Huizhou Court
“Framework Agreement”	the cooperation framework agreement dated 26 July 2017 entered into between Huizhou Yonghua and Hopson Dijing
“Group”	the Company and its subsidiaries
“Guarantee”	the deed of guarantee dated 21 August 2017 entered into between the Company and China Cinda in respect of the obligations of Hopson Dijing under the Transfer Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Hopson Dijing”	Guangdong Hopson Dijing Real Estate Co. Ltd. (廣東合生帝景房地產有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of the Company
“Huizhou Court”	the Huizhou Intermediate People’s Court of the PRC
“Huizhou Xinghua”	Huizhou City Xinghua Holdings Limited* (惠州市興華實業有限公司), a company established in the PRC with limited liability and one of the Distressed Companies
“Huizhou Yonghua”	Huizhou City Yonghua Holdings Limited* (惠州市永華實業有限公司), a company established in the PRC with limited liability, which is a Huizhou Court-approved participant in the Consolidated Reorganisation and an independent third party of the Company
“Loan”	a loan of RMB1,188 million (equivalent to approximately HK\$1,426 million) to be provided by Hopson Dijing to Huizhou Yonghua pursuant to the Framework Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Restructuring Plan”	the restructuring plan prepared by the Distressed Companies’ administrator of bankruptcy reorganisation in respect of the Consolidated Reorganisation which was approved by the Huizhou Court on 31 August 2017
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	90% equity interest in Huizhou Xinghua
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company (or such other nominal amount as comprising the ordinary share capital of the Company as shall result from a sub-division or a consolidation of the share capital of the Company from time to time)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	a supplemental agreement to the Framework Agreement to be entered into between Huizhou Yonghua and Hopson Dijing to deal with the shortfall between the Loan and the consideration for the Distressed Assets under the Transfer Agreement

“Transfer Agreement”	the agreement dated 21 August 2017 entered into between China Cinda and Hopson Dijing for the transfer of all of China Cinda’s rights and interests in the Distressed Assets to Hopson Dijing
“Xiangshan Villa Project”	Xiangshan Villa Project* (香山美墅項目), a residential complex project with a planned gross floor area of approximately 460,000 square metres, comprising mainly residential properties complemented by commercial and hotel properties, the construction and sale of which are expected to be completed in the coming three to five years
“Xingfu Mofang Project”	Xingfu Mofang Project* (幸福魔方項目), a commercial complex project with a planned gross floor area of approximately 130,000 square metres, comprising mainly commercial and office properties, the construction and sale of which are expected to be completed in the coming three to five years
“Xunliao Wan Project”	Xunliao Wan Project* (巽寮灣項目), a commercial complex project with a planned gross floor area of approximately 120,000 square metres, comprising mainly hotel and residential properties, the construction of which has been completed but the sale of which has not commenced

By order of the Board  
**Hopson Development Holdings Limited**  
**Chu Mang Yee**  
*Chairman*

Hong Kong, 21 September 2017

*In this announcement, sums in RMB are translated to HK\$ at the rate of RMB1 = HK\$1.2. This does not mean that RMB could be converted into HK\$ based on such exchange rate, or vice versa.*

*As at the date of this announcement, the Board comprises nine directors. The executive directors are Mr. Chu Mang Yee (Chairman), Ms. Chu Kut Yung (Deputy Chairman), Mr. Au Wai Kin, Mr. Liao Ruo Qing, Mr. Xie Bao Xin and Mr. Bao Wenge; and the independent non-executive directors are Mr. Lee Tsung Hei, David, Mr. Tan Leng Cheng, Aaron, and Mr. Ching Yu Lung.*

\* *For identification purposes only*